

straight

LINES

Insurance News & Information

THE TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE

Winter 2009

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Contact Us

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— Need Your Input —

Please let us know your thoughts about this newsletter and any input or thoughts you may have for future editions.

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Greetings from the Commissioner



With the advent of spring, the employees of Tennessee's Department of Commerce and Insurance find ourselves doing the same as our counterparts in other state government agencies: working harder and looking for ways to be more efficient amid a global economic downturn.

The results we're seeing in the Insurance Division are exemplary of that hard work and innovation. Among other achievements, Insurance

- Has begun using TeamMate, an electronic work paper system that is used by both analysts and examiners in our Financial Affairs section,
- Has begun working to implement State-Based Systems (SBS) for electronic recordkeeping (this is being done at no cost to the State, and will be up and running by Oct. 1, 2009),
- Has recovered, through the Fraud section's efforts, more than \$9.1 million for Tennessee consumers,
- Has recovered, through Consumer Insurance Services' mediation, more than \$2.1 million for Tennessee consumers during 2008, and
- Has attended and spoken at numerous events and centers, such as Fort Campbell's pre-deployment fair and the Senior Boomer Expo. Consumer Insurance Services' providing crucial information for all Tennesseans – but especially to key demographics such as our armed forces and senior populations – is just the sort of community outreach that helps Tennesseans understand that they have a resource in state government, particularly during hard times.

The fact that those achievements and more have been forged amid the economic slowdown is even more noteworthy. Insurance lost some employees to last year's Voluntary Buyout Program, and the hiring freeze has left some positions unfilled, as well. And, it is expected that the downturn will affect revenue trends like those connected to active policies and workers' compensation, causing them to decline some.

Spring also brings the legislative session. The Department has been busy meeting with legislators and working on the legislation I shared with you in the previous edition of *Straight Lines*. I want to thank you for the input that informed the preparation of our legislative package.

Also, I want to remind agents wishing to sell long-term care products that the deadline for completing the required eight-hour CE training is this July 1. Be sure to continually check our website for the latest departmental news and achievements.

Best regards,

Leslie A. Newman
TDCI Commissioner

CONSUMER CORNER:

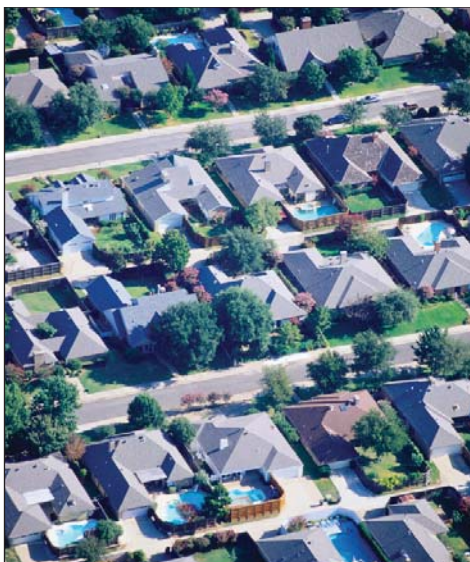
FROM HOMEOWNER TO RENTER

What You Need to Know About Renter's Insurance

As the economy downturn continues, more and more people are losing their homes to either foreclosure or financially motivated downsizing. In fact, foreclosure filings increased by 5% in October, a 25% increase from October 2007.

As homeowners, most people carry a mortgage and, therefore, have no choice but to purchase homeowners insurance as a requirement of their loan. But, for renters, the choice is their own and many people facing financial uncertainty might choose to go without renter's insurance, even though they have many of the same risks as homeowners when it comes to protecting possessions or being liable for accidents at home. Some of the most common misperceptions include:

- **"Renter's insurance is too expensive, and I already have enough bills to pay."** The average renter's insurance policy costs between \$15 and \$30 per month. Replacing all of your possessions or being liable for an accident on your premises will cost much more.
- **"I don't have that many valuables; renter's insurance isn't worth the cost."** Renter's insurance policies can cover everything from electronics to clothing to household appliances. Even a minimal number of items could add up to thousands of dollars' worth of merchandise, which can all be covered in a basic policy.
- **"My landlord has insurance, so I'm already protected."** Your landlord has insurance for structural damage to the building, and might even be protected against damage caused by tenants. However, this coverage does not extend to your personal property, nor does it protect you from being liable for damage you might cause to the building inadvertently (e.g., a kitchen fire or a plumbing mishap).



Consumers used to having homeowners insurance may not understand the differences between the two types of coverage. The National Association of Insurance Commissioners (NAIC) offers these tips for former homeowners who are now renting:

1. How much renter's insurance do you need? Talk to your insurance agent or company about the property you want to protect and the property hazards you would like to be insured from. Your agent can give you coverage policy specifics based on your state and the type of policy you want. They will answer any important questions you have about:

- What hazards are included in your plan and if you need a separate policy for specific circumstances
- If your insurance plan affects your roommate(s), if any
- How you should determine value for your items
- What some of the insurance terms mean or what they include
- What optional coverage might be available to you

- How much liability coverage is included in your plan

2. Can you get a discount on renter's insurance if your residence has particular safety features, like a burglar alarm?

Many insurers will reduce your premiums if you have fire or burglar alarms, fire extinguishers, sprinkler systems and/or deadbolts on exterior doors. Some companies might also offer discounts if you have more than one policy with them. Be sure to ask about any discount you might be entitled to.

3. Are you covered in the case of a flood or earthquake? These natural disasters are not generally covered by a renter's or homeowners insurance policy. Ask your insurance agent or company if your policy

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Consumer Corner Contact Information:

Director for Consumer Insurance Services: Vickie Trice
To file a complaint, please call 1-800-342-4029 or email cis.complaints@state.tn.us

The Consumer Insurance Services Section exists to serve all consumers protected by an insurance product in Tennessee. We're here to help you protect your rights and when necessary, mediate complaints against insurers. We can offer valuable resources to help you: evaluate and choose the right insurance product, check on agents, companies and products, and to troubleshoot problems. ■

DISCIPLINARY ACTIONS

TDCI Disciplinary Actions Against Insurance Agents/Producers

Phillip Minga (668465)

Amory, MS—Revocation of producer license effective December 9, 2008 for violating Mississippi insurance and security laws and for misrepresenting license status on license renewal application.

Linda Moran (765504)

Fayetteville, TN—Revocation of producer license effective October 28, 2008 for misappropriating insurance agency funds.

Wendell Reed (682637)

Friendship, TN—Revocation of producer license effective October 6, 2008 for diverting premium payments collected from policyholders.

Ruben D. Foster, Jr. (825223)

Hendersonville, TN—Revocation of producer license effective December 15, 2008 for misrepresentation and fraud.

In the Matter of **Frank F. Camp, and Wisdom, Inc**—837404 Final Order effective December 19, 2008 revoking Camp's license and awarding the Department penalties in the amount of \$122,000.

Purvis Presha (895612) - Suspension for Delinquency in Child Support Payments effective December 17, 2008.

Tristan Pleasant Sr. (893241) -

Suspension for Delinquency in Child Support Payments effective December 17, 2008.

Joseph Kauer (927415) - Suspension for Delinquency in Child Support Payments effective December 17, 2008.

Charles Tydus (616657) - Suspension for Delinquency in Child Support Payments

effective December 17, 2008.

Steve Kirk (945347) - Suspension for Delinquency in Child Support Payments effective December 17, 2008.

Rickey Hawkins (946169) - Suspension for Delinquency in Child Support Payments effective December 17, 2008.

Noel Weste (887416) - Suspension for Delinquency in Child Support Payments effective December 17, 2008.

TDCI Disciplinary Actions Against Insurance Companies

The following list of companies were assessed civil penalties of \$10,000 each for failure to comply with TCA § 56-8-107 for timely payment of workers' compensation medical and indemnity payments.

Employers Insurance Company of Wausau

Liberty Mutual Fire Insurance Company

Wausau Business Insurance Company

Wausau General Insurance Company

Wausau Underwriters Insurance Company

Status of Rulemaking Projects

0780-01-81 Administration of Self-Insurance Workers Compensation Programs by Single Employers or Pools became effective December 27, 2008.

0780-01-83 Self-Insured Workers' Compensation Single Employer Rules – the rulemaking hearing was held in

September 2008, but they are on hold pending guaranty fund legislation expected this legislative session.

0780-01-54 Self-Insured Workers' Compensation Pool Rules – amendments to rules were signed by secretary of state on December 31, 2008 and they become effective March 16, 2009.

0780-01-61 Long-Term Care Insurance – amendments to rules were signed by secretary of state on November 24, 2008 and they become effective March 16, 2009.

0780-01-56 Licensing Requirements for Insurance Producers became effective December 31, 2008. ■

3/1/09 NCCI Loss Cost Filing Approval

Tennessee Commissioner of Commerce and Insurance Leslie Newman approved a 3.1% overall reduction in workers' compensation loss costs as filed by the National Council on Compensation Insurance (NCCI), the designated rate service organization, effective March 1, 2009.

Loss costs represent the loss and loss adjustment expense portion of what is charged by insurance companies for workers' compensation coverage. Other expenses incurred by individual insurance companies to issue and service policies, profit, and contingencies must be factored in to determine the actual rates charged.

The reduction applies to new and renewal business. Among the five industry groups affected, the average decreases are .9% for contracting, 6.5% for goods and services, 4% for manufacturing, and 5.1% for office and clerical, while the miscellaneous group will see an average increase of 1.3%. Individual class code adjustments will range from a decrease of 31% to an increase of 26%.

A • R • T • I • C • L • E • S

Interstate Insurance Product Regulation Commission

The Department held a free IIPRC workshop on January 28th. The Interstate Insurance Compact ("Compact") is a key state-based regulatory modernization initiative that enhances the efficiency and effectiveness of the way insurance products are filed, reviewed and approved in the United States. The Compact's new streamlined processes provide speed-to-market for



the insurance industry, thus affording consumers quicker access to more competitive insurance products. By promoting uniformity through application of national product standards embedded with strong consumer protections, the Compact is meeting the demands of consumers, industry and regulators in the ever-changing, global financial marketplace. For more information about the IIPRC go to.

<http://www.insurancecompact.org/> ■

NEW

Please go to our Website to see an overview of the changes for Producer License at www.state.tn.us/commerce

You can renew your license **online**

**FOR RECENT COMPANY
RATE FILINGS INFORMATION GO TO:**
www.state.tn.us/commerce/insurance/consumerRes.html

**For recent bulletins released by the
Insurance Division please visit:**
<http://state.tn.us/commerce/insurance/bulletins.html>

Consumer Corner...cont.

fully protects you or whether you need to purchase additional coverage.

4. Could owning a pet cause your premium to be higher? Certain municipalities require that owners of select breeds of pets have insurance policies to cover damages and/or injuries caused by the animal. This liability might be covered under a standard renter's insurance policy, but some insurance companies might require the purchase of additional coverage. Talk with your insurance agent or company about the options and how they might affect your premium costs.

5. Does renter's insurance only cover you when you're at home? Many policies do not limit protection to home-based situations. For example, items you have insured often are covered if they are stolen by someone who breaks into your car or if they are damaged while not on your property.

6. Is personal liability included? A renter's insurance policy covers your property and your personal legal responsibility (or liability) for injuries to others and/or their property while they are on your property.

7. Will you receive additional living expenses if you have to live somewhere else while your apartment is being repaired? If there is damage to the building you are renting and you must live elsewhere while the building is being repaired, you will have coverage for additional living expenses incurred during the reconstruction period.

8. How do you expedite your renter's insurance claim? A home inventory – along with photos and proof of ownership – make it easier to file an accurate, detailed insurance claim in case your home is damaged or destroyed in a disaster. A home inventory can also help determine how much coverage you need from your renter's insurance. Go to www.naic.org/index_disaster_section.htm to download a free home inventory checklist ■